

MINUTES OF A MEETING OF THE POWYS PENSIONS BOARD HELD AT BY TEAMS ON MONDAY, 27 JUNE 2022

PRESENT

Gerard Moore (Chair)

John Byrne (Scheme Member Representative)

Nigel Brinn (Employer Representative)

Wayne Thomas (Employer Representative)

In attendance

Chris Hurst, Pension Fund Manager (Secretary to the Board)

1. APOLOGIES

Apologies were received from Graham Evans (Employer Representative) and David Powell (Scheme Member Representative).

2. DECLARATIONS OF INTEREST

The Chair advised he was an Associate in The Chartered Institute of Public Finance and Accountancy [CIPFA] and declared an interest if reference was made to CIPFA when discussing the Board's training. The Board agreed that this does not represent a conflict of interest as the Pension Fund Manager is responsible for arranging training.

The Chair also advised that as the item on Additional Voluntary Contributions [AVC] was for information only, anyone who was making such contributions did not need to declare an interest.

3. MINUTES OF THE BOARD

The minutes of the last meeting held on 1 March 2022 were agreed as a correct record.

4. MATTERS ARISING

The Chair advised that The Pension Regulator [TPR] had advised it intends to place the legislation, in respect of the Singular Modular Code, before Parliament before the summer recess on 21 July 2022. The Pension Fund Manager would circulate any information produced by TPR once this had been done.

5. MINUTES OF PENSIONS AND INVESTMENT COMMITTEE

The Board received the Pensions and Investment Committee's draft minutes for 11 March 2022 and 17 June 2022.

Draft minutes 11 March 2022

- Comment was made that the Council's net zero target in respect of investments in fossil fuels for the Pension Scheme had to be meaningful and measurable. The ability to meet this target may be affected by the current situation in Ukraine. The Pension Fund Manager advised that the Council may form a view on such issues. However, the Pensions &

- Investment Committee was independent of the Council and was continuing to consider this issue and would set appropriate targets.
- Investment Strategy Statement [ISS] – it was noted that the Committee had asked that the relationship between the County Council and the Pensions and Investment Committee be formalised in the ISS. The Pension Fund Manager advised that the relationship had also been referred to in the Governance and Compliance Statement which was published on the website.
 - The Board noted the Governance arrangements which had been put in place during the election period.

Draft minutes 17 June 2022

- The Board noted the reappointment of the previous Committee Chair and Vice Chair. The Board Chair advised that he had formally approached the Group Leaders stating that continuity of membership was important for the Committee and that he hoped that if the previous post holders were re-elected they would be re-appointed to the Committee.

The Pension Fund Manager advised that recruitment to the scheme member and employer co-opted vacancies on the Committee was under way.

6. TPR [THE PENSION REGULATOR] CODES OF PRACTICE

The Board reviewed the following sections of Code of Practice 14 and noted the following [numbers refer to the Compliance indicator]:

Managing Risks [104 – 120]

114 – as part of the triennial valuation the actuary was reviewing the employer covenants. The Board were concerned about the impact of inflation on certain types of employers.

115 - once the implications of the Single Code are known, the Board will review in depth the internal controls within the “Managing Risks” section.

116 – an internal audit was expected during 2022. The Pension Fund Manager advised in response to a question that he would consider how the internal audit report is jointly considered by the Pensions & Investment Committee and Board.

Maintaining Contributions [147 – 169]

The Pension Fund Manager advised that it was ultimately the intention that the payment of contributions would be automated where possible, technology permitting.

Reporting breaches of the law [244 – 270]

The Breaches Register is considered by the Board at each meeting and the policy and log are reviewed regularly.

The Board agreed that it would undertake a “deep dive” review of a specific area and this would be included in the work programme during the next 12 months.

7. OPERATIONAL AND ADMINISTRATION REPORT & UPDATE

The Board received and noted the Operational and Administration report.

In response to a question the Pension Fund Manager advised that the increase in Income was as a result of the back payment of the pay award. The Board noted that the Key Performance indicators report would be incorporated into the Operational and Administration report when officers were satisfied that the data in the former was accurate.

8.	NEW LEGISLATION AND GOVERNANCE UPDATE
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The Board received the New legislation and Governance update report.

The Board noted that the Department for Levelling Up, Housing and Communities (DLUHC) had published the Levelling Up White Paper. The Welsh Pension Partnership [WPP] was developing plans for the investment in local infrastructure in the UK and the Pension Fund would consider this asset class when available. The Board considered that this asset class would not only benefit the Fund but also society.

The Pension Fund Manager advised that the changes to the normal minimum pension age [from 55 to 57 from 6 April 2028] brought in by The Finance Act 2022 does not need to be communicated to members as the Local Government Pension Scheme [LGPS] regulations on when benefits are payable had not changed, however it would be considered good practice to provide some information. When these rules are aligned with the normal minimum pension age information will be sent to members as a requirement under the LGPS regulations.

LGPS Investments in Russia – the DLUHC letter to Pension Funds was noted. The WPP and the Pension Fund had agreed early on to disinvest in Russian held investments as soon as practically possible.

DLUHC letter on McCloud remedy – it was noted that the Fund had discussed how this would be addressed in the 2022 triennial valuation with the Actuary.

Letter from Prudential on administration delays for the LGPS – in response to a question regarding whether any delay in the Prudential's annual benefits statements, should the Fund be recording this as a breach, the Pension Fund Manager advised he thought the company had considered that. He advised that if they had not it would be considered by the Pension Fund.

Pensions Dashboard – the Pension Fund Manager advised that the Data Improvement Plan was already in place. Data is cleansed on an ongoing basis rather than just at year end. The level of interaction with the ecosystem is as yet unknown and further information is expected soon.

Annual Benefits Statement – the Pension Fund Manager advised that work for the Annual Benefits Statement was on schedule to be completed by the deadline of 31 August 2022. The Board noted that approx. 60% of active members and approx. 45% of deferred members were using the Pension Portal.

Valuation – the ongoing data cleansing had reduced the risk of issues at one point in the year. The Board acknowledged that the ongoing data cleansing

process is an example of risk management, making the team less vulnerable to staff absences at crucial times of the year.

9. GOOD GOVERNANCE UPDATE

The Board received the report.

The Board Chair advised that it had been stated by TPR that being a member of the LGPS is not in itself a conflict of interest for Committee members. It was noted that for transparency, Committee members declare such membership at meetings. The Pension Fund Manager advised similar procedures are in place across Wales, although it may be location dependant.

The following comments were made on the Draft Conflicts of Interest Policy:

- the Policy also applies to the independent Board Chair
- details of any conflicts would be kept on a register for the Pension Fund
- the order in which references are made to the law should be altered, so that the law relating to the Pensions & Investment Committee are given first
- references to the National Assembly Wales should be changed to the Welsh Government.
- where required rules relating to scheme members should be clarified
- potential and actual conflicts need to be clarified.

The Pension Fund Manager asked that any further comments should be sent to him.

10. RISK REGISTER UPDATE

The Board received the Risk Register, but members agreed that the document was difficult to read online and properly scrutinise.

The Board agreed to defer consideration of the Risk Register to an extra meeting, when paper copies of the information would be sent to the Board and that this meeting would also consider the draft annual Board report.

11. STANDING ITEMS WITH NO UPDATES REQUIRED

The Board noted the following in respect of standing items:

- a. Breaches Register – there were no new breaches recorded for other reasons.
- b. Audit Reports – a report would be considered when available
- c. Board Communications Log - noted
- d. Internal Dispute Resolution Procedure [IDRP] – no new or ongoing cases.

12. CONFIDENTIAL

RESOLVED that in accordance with Section 106 [8] Local Government Pension Scheme [LGPS] Regulations 2013 the Board goes into the confidential agenda with the public and press being excluded as some of the information may relate to financial or business affairs of a particular person or organisation.

13. PENSION BOARD CHAIR UPDATE

The Chair advised that Councillor Roger Philips, Chair of the Scheme Advisory Board [SAB] would attend the Board meeting on 19 September 2022. The Board Chair advised that this meeting would ideally be held in County Hall and he hoped all members could attend in person or via a hybrid meeting. The SAB 2021 annual report would be included on this agenda.

Nigel Brinn, Employer Representative left the meeting for Council business.

14.	WALES PENSION PARTNERSHIP - INVESTMENT POOLING UPDATE [STANDING ITEM]
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The Board received the report regarding the Wales Pension Partnership [WPP].

The Board noted that:

- the WPP had become a signatory to the UK Stewardship Code.
- the Private Market infrastructure investments would hopefully be available by the end of 2022
- the Business Plan would be considered by the Pensions & Investment Committee on 15 July 2022.

The Board Chair commented that the WPP Business Plan was a very transparent document and assurances could be gained from this. For a future document, reference should be made to the fact that a scheme member observer now attended the Joint Governance Committee meetings.

15.	RESPONSIBLE INVESTMENT
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The Board received the report on Responsible Investment and the work undertaken by the Fund since 2019. The Responsible Investment Policy was published in 2019 and is being reviewed and will be updated and published in due course. The WPP has become a signatory to the UK Stewardship Code and the Fund is considering the process involved to become a signatory. The Fund has a small exposure to fossil fuels and its policy is to engage with these companies to encourage positive change. Divesting is an option when changes are not made, or progress is not as expected.

John Byrne, Scheme Member representative left the meeting. As a result the meeting became inquorate.

16.	BUSINESS PLAN
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The following comments were made on the draft [numbers relate to the specific section]:

- 1.2 – the funding level should be included
- 1.3 – the information about the overall size of the LGPS needs to be consistent with the details in the SAB report
- 4 – the acronym CARE should be explained. Data quality is monitored by TPR on an annual basis.
- 5 – reference to the 2022 triennial valuation will be added if appropriate
- 6 – reference should be made to the role of the Pension Board
- 7 – regular meetings are held between the Pension Fund Manager and the S151 officer.

The draft would be updated and considered at the next Committee meeting.

17.	WORKFLOW UPDATE
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The Board received the work in progress Workflow report. Performance during the quarter for all processes was 89.3% against a desired target of 100%. However, this reflected the impact of the administration team training new staff. The Pension Fund Manager advised that work was continuing to develop and check the reporting system and once he was satisfied that the information was robust, the workflow report would be included on the public agenda. The Board welcomed this progress.

Gerard Moore (Chair)